

LEGISLATIVE AND INTERGOVERNMENTAL AFFAIRS COMMITTEE
McHenry County Government Center – Administration Building
667 Ware Road
Woodstock IL 60098

MINUTES OF THURSDAY DECEMBER 8, 2011

Chairman Heisler called the meeting to order at 8:35 a.m. The following Committee members were present: James Heisler, Chairman; Ersel Schuster; Marc Munaretto; Pete Merkel; Nick Provenzano; John Jung, Jr. and Kathleen Bergan Schmidt. Also in attendance: Peter Austin, County Administrator; Adam Lehmann, Assistant to the County Administrator; Cassandra McKinney, Water Resource Manager; Dennis Sandquist and Kim Kolner, Planning and Development; Dean Whitfield, Energy Professional; Leadership Greater McHenry County Class of 2012; Mary McCann, County Board Member and Charles Eldredge.

James Heisler, Chairman	
John Jung, Jr.	Pete Merkel
Marc Munaretto	Nick Provenzano
Kathleen Bergan Schmidt	Ersel Schuster

MINUTES

Committee members reviewed the committee minutes of November 10, 2011. Ms. Schuster informed committee members that she had a couple of typographical errors she had corrected. She stated the corrections did not change the content of the minutes. Mr. Jung made a motion, seconded by Mr. Provenzano to approve the minutes as corrected. The motion carried with all members present voting aye on a voice vote.

PUBLIC COMMENT

None.

OLD BUSINESS

Ordinance Providing for the Submission to the Electors of the County of McHenry, Illinois, the Question Whether the County Should Have the Authority Under Public Act #096-0176 to Arrange for the Supply of Electricity for its Residential and Small Commercial Retail Customers Who Have Not Opted Out of Such Program: Mr. Austin stated that this is the Ordinance that is being brought forward to move ahead with the aggregation question. This will need to go to the County Board on the 20th so that the Ordinance is in place ahead of the July 3rd deadline. The City of Crystal Lake as well as some other cities in the County has already done this.

Yesterday a good meeting was held for the interviews with five aggregation firms. Representatives from the Municipalities from Woodstock, McHenry, Crystal Lake and Lake in the Hills as well as MCCOG joined the group for the interview process. This group will get together again on the 14th at 2:00p.m. to review the options that were presented. Mr. Austin reported that they had a good mix of presenters with each of them “presenting” in a different manner. The representatives from the municipalities as well as the county would like to move collectively as a group on this issue. The bottom line is that they are trying to save money for their residents in an efficient way without the process being burdensome for staff.

Committee members were informed that money will be saved in the initial years of the program. They questioned what happens after the third year of the program. They were informed that the savings will decrease over time.

Committee members were reminded that the question to them today is do we want to create a referendum question to the voters and put this on the ballot.

Mr. Whitfield, an energy professional, stated that these aggregators tout a savings of 20-25% though the savings never match these projections. There will be a savings closer to 5 – 8%. There are a number of third party companies that can sell to individuals at a lower rate.

Committee members questioned who would benefit with aggregation. They were informed that if you pay on time, you won’t benefit. Those individuals that use excess electricity will save as all the customers are averaged together.

They questioned how the County will benefit and if that will be clear on the ballot. Will the County receive a reduction of electrical rates at their facilities? Committee members were reminded that the county is already on a savings plan for its gas and electrical service.

Approved 1 12 12

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Committee members stated that during the committee's last discussion they had asked that the State's Attorney include information regarding the percentage the county might "take" from this program. They stated that this information has not been included in the resolution. Committee members were reminded that they are in negotiations with these companies so it will depend on the aggregator that is chosen so the percentage cannot be included at this point in the process.

Committee members questioned if the County would be accepting a fee from this process and asked if this a policy question. Committee members were informed that the State's Attorney's office prepared the Ordinance. They had a good dialog about this question. There is no hard fast rule on whether these funds should be taken. These funds come from the supplier and that is a decision that will need to be made down the line. When a decision has been made on who the vendor may be, they can include this item at a later date. Mr. Austin noted that this issue did not drive this discussion.

Committee members questioned if these funds are accepted, what they would do for the citizens of the County? If the County does not take these funds, will they revert back to the executives of these companies? They stated that these aggregators need to be transparent up front. They stated that the intent needs to be a part of the ballot question. Committee members were informed that if the County does not ask for these funds, they will go elsewhere. These funds are part of their marketing expenses. It was stated that the funds could be used to administer the program.

Committee members questioned what the role of the County will be on this. Mr. Austin reported that there will be some core responsibilities that will fall to the County. There will be some public hearings and some communications will need to be mailed to the residents. Calls will then come into the County asking about this issue. He stated that he does not see these costs being huge.

Once the County decides to engage an aggregator, what will the county's role be? Who will address power outages? This won't be a County responsibility though there will be some that will think this is now a County issue. They will call here for power outages or if they feel their bills are too large. They questioned how the County will deal with the extra staff costs? It was stated that the extra staff costs would justify taking some of the grant funds from this program.

It was questioned if the Municipalities were here to find out information or if there would be a higher discount because of the pooling of the residents. They questioned if they would obtain one aggregator for all. They also questioned if this will affect any current franchise agreements or if the County could negotiate additional savings for each of the County facilities. They were informed that the County is too large to be a part of this aggregation, though they can look at ways to benefit the County. This service would affect those units that use 100kW of power or less. This program looks at the small commercial and residential customers.

Committee members were informed these individuals can already "opt" into a program if they want. Most companies will give a lower rate than what you will get from aggregation. It was asked what happens after they add in the aggregators and third party fees? Will these costs be included as they will already be hedging their cost savings? It was stated that it would take some effort for each individual to get the best price. With this effort they can beat the aggregator's costs.

It was stated that the County may want to provide a "clearing house" list of all the providers. This would be a good service to market.

Committee members were reminded that there is a percentage of each contract that is taken by the aggregators. They receive this percentage throughout the life of the contract. They also get paid by the supplier though they do not receive any upfront fees. They will provide an 800 number for information purposes as well.

Ms. Schuster stated that there are too many outstanding questions on this issue and she would therefore be opting out of the program. Ms. Schmidt stated that even if the residents only get a break for two years she feels this program is a good idea. People who know more about this issue can get more savings but even if they can save a little bit for two years that is a savings they are not getting at this time. It will be up to each resident if they want to opt out of the program. This will allow an opportunity for people to save now. She stated that no one knows where electric costs are going. This will allow for some savings for at least two years and she feels that is a good thing.

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Committee members were informed that the County would not enter into a program without any guarantees that there would be a savings for the residents. Those residents that want to shop around can opt out of the program. By providing this program to the residents it would provide at least two years of savings for the consumers.

Mr. Provenzano reminded committee members that the County does already receive a franchise fee from Comcast. He questioned why a fee should not be taken from this company as well. It was stated that these fees could be used to make this government more transparent.

Chairman Heisler stated that they had a great day interviewing these companies. They defined what a small business is and provided needed information.

Mr. Munaretto stated that he would like to have a list of the companies being interviewed for consideration.

Mr. Provenzano made a motion, seconded by Ms. Schuster recommending approval of an Ordinance Providing for the Submission to the Electors of the County of McHenry, Illinois, the Question Whether the County Should Have the Authority Under Public Act #096-0176 to Arrange for the Supply of Electricity for its Residential and Small Commercial Retail Customers Who Have Not Opted Out of Such Program. Mr. Austin stated they would need a waiver of the thirty day review in order to move this ordinance through the process.

Committee members had previously requested copies of the questions that were going to be asked during these interviews and again questioned if they could receive the list of the questions. They also asked if these questions could be included with the questions that were asked today so they would have a tracking tool to review what was asked and answered. This information should be provided in a packet that will go to the County Board Members. They stated that they should get as many questions as possible answered before this goes before the County Board for consideration. It was suggested that the discussion points be documented for the County Board Members. It was noted that this could be included as a FAQ sheet.

Ms. Schmidt called the question. The motion carried with all members present voting aye on a voice vote.

Draft State Legislative Program for 2012: Mr. Lehmann provided committee members with the latest version of the State Legislative Program for 2012. They continue to work to tighten up this program, it is hopeful that this program will be ready to approve at their January committee meeting. Ms. McKinney continues to work on compiling additional information to be included in the program. Mr. Austin stated there have also been discussions with Senator Althoff on an issue she wants to bring forward as well. She would like to join the committee at their January meeting to review an item she is considering endorsing. Committee members were informed that she may bring transportation staff and additional State Legislators in for this discussion.

Mr. Munaretto stated that he would like to see the Property Tax Extension Limitation Law added to this list. He stated that there is still a two tiered system where those individuals that appeal their taxes are treated differently than those not appealing their assessments. He stated there needs to be a fairer way to calculate the tax burden to make it fairer for all. He stated that we need to support a modification to this system.

Committee members were reminded it is not our job to find a solution to an issue. Our job is to identify problems that we encounter that we can't fix at this level. This is a "living" document with changes that are ongoing.

Ms. Schuster stated that this should include something about unfunded mandates and the probation issue.

Committee members questioned if the public safety fee for the Fox Waterway should be included as well. Mr. Merkel stated that it may be a good idea to bring this group in to have a discussion with them to find out what projects they are considering for the next three to five years. Mr. Provenzano stated that this is being discussed at the Law and Justice Committee. Ms. Draffkorn is the liaison for this group and provides updates to the Law and Justice Committee. Mr. Merkel stated he is looking at what they may be planning for in the future as he feels they may look to the County for some funding since their budget has been cut by the State.

Mr. Austin reported that he has discussed this issue with Lake County personnel and they have decided to have additional dialogue with this group before including this suggested fee as part of the legislative program. The counties have decided to work together on this issue as part of next year's legislative program.

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Committee members suggested that the ordinance that addresses noise issues on the water be added to this list. It was recommended that the committee speak to Senator Althoff on this issue as well. It was stated that they need more than just regional support for this issue.

Ms. McKinney joined committee members to discuss the Coal Tar Issue. She stated that she is setting meetings with Federal Legislators to speak about a bill being introduced by a Texas Legislator on this issue. There are now a couple of studies that have come out that states that coal tar sealants cause cancer. Studies from the USEPA and the USGS now back this up. Committee members asked what the industry perspective is on this issue.

Ms. McKinney stated that she is also reviewing the State Statute that is listed for the Road De-icing Salt program to make sure the correct Statute is listed to address this issue. The State agrees that this is an important issue as there are not any safe levels of salt in water. She stated that they would like the State to allow the permitting of storage for all deicing materials less than 50,000 lbs, the development of storage and handling policy and they would like to require certification for all public and private operators.

Ms. McKinney stated there have been some issues in the County with residential wells becoming unusable because of salt getting into their wells.

Ms. Kohlner joined committee members with a request from ACE (AGRICULTURAL CONSERVATION EASEMENT AND FARMLAND PROTECTION COMMISSION) to support legislation to allow the County to open a referendum for farm land preservation. This will allow development rights for ACE. Mr. Munaretto stated that they keep having discussions to support the County buying more land. He stated that he does not support this. He asked, do you think we should preserve farmland, yes, but questioned if county residents should pay for this. He stated this is already being done by the Conservation District. Ms. Kohlner stated that this would not purchase land. This only gives them the development rights. Committee members voiced concern that it uses taxpayer funds to do this.

Committee members asked if there would be any value to put this question to a referendum. This would only allow the ability to put this on the ballot. It was stated that the only reason we have Valley Hi Nursing Home is because a referendum passed to have a County Nursing Home. This was the will of the people.

Concern was again voiced that there is already an agency in the County working for land preservation. This group is out of funding and even though they have had support in the past committee members questioned if now is the time to ask the taxpayers for more funding to preserve open space in the County. They also asked if the groups would be competing against each other for these needed funds. Committee members were again reminded that this would only allow the County to run a referendum. Committee members questioned how many County's in the State fund Farmland Preservation. They were informed that none support this effort. Kane County does provide some funding for Farmland Preservation through its casino.

Committee members were informed there was previous proposed legislation to allow Counties to have the power to do this, but it was already defeated. Committee members questioned why they would want to support this when it was already defeated.

Committee members asked what the agriculture community is doing to address preservation. They stated that the higher populated areas are the areas that need protected, not necessarily the rural areas. Ms. Schuster stated she does not agree with another tax and when the County is dealing with zoning we have to be smarter, especially with permits that may have an impact to the farming community and groundwater recharge.

It was stated that the Natural and Environmental Resources Committee will be reviewing this at a future committee meeting.

Federal Legislative Update: Mr. Austin provided committee members an update to information provided by the Ferguson Group. Information is included on changes within the organization as well. This includes a roadmap for grant requests and a description on how the Ferguson Group will change their way of obtaining Federal Funds.

The committee meeting scheduled for the 22nd of this month has been cancelled. The next meeting for the committee will be on January 12, 2012.

U.S. Rep. Randy Hultgren will be in the County on December 20th to speak about transportation issues in Algonquin. He will also speak with County Administration about the ICE detention program and groundwater issues with Ms. McKinney.

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Mr. Austin thanked Mr. Dean Whitfield for his help with the aggregation issue and thanked Leadership Greater McHenry County Class of 2012 for joining the committee this morning. Committee members were informed they were welcome to join the class next door for their panel discussion if interested.

NEW BUSINESS

None.

EXECUTIVE SESSION

None.

REPORTS TO COMMITTEE

None

ADJOURNMENT

Noting no further business, Ms. Schmidt made a motion, seconded by Mr. Provenzano to adjourn at 10:10a.m. The motion carried with all members present voting aye on a voice vote.

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RECOMMENDED FOR BOARD/COMMITTEE ACTION:

Ordinance Providing for the Submission to the Electors of the County of McHenry, Illinois, the Question Whether the County Should Have the Authority Under Public Act #096-0176 to Arrange for the Supply of Electricity for its Residential and Small Commercial Retail Customers Who Have Not Opted Out of Such Program

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